

**EMPLOYEES' RETIREMENT SYSTEM OF THE COUNTY OF MILWAUKEE
MINUTES OF THE DECEMBER 15, 2021 PENSION BOARD MEETING**

1. Call to Order

The Chair called the meeting to order at 8:38 a.m. The meeting was held virtually due to Milwaukee County's and the City of Milwaukee's Stay Safe MKE initiative limiting gatherings in light of the COVID-19 pandemic.

2. Roll Call

Members Present

Nicole Best
Jeffrey Gollner
Ronald Nelson (Vice Chair)
Himanshu Parikh
David Robles (Chair)
Rob Worzalla

Members Excused

Elena LaMendola
Kessha Hobson

Others Present

Jacob Augustine, Senior Compliance and Research Analyst - Retirement Plan Services
Erika Bronikowski, Director - Retirement Plan Services
Natasha Ford, Office Administrative Assistant - Retirement Plan Services
Sherri Jordan, Interim Director – Milwaukee County Department of Administrative Services
Noukone Keovilaysone, Operations Manager - Retirement Plan Services
Annamarie Kirsanoff – Retirement Plan Services
Dan Laurila, Operating Budget Manager - Milwaukee County
Tina Lausier, Fiscal Officer - Retirement Plan Services
Turkessa McCoy, Member Engagement-Project Manager - Retirement Plan Services
CJ Pahl, Financial Services Manager, Office of the Comptroller
Stephanie Sasscer, Paralegal - Office of Corporation Counsel
Judd Taback, Assistant Corporation Counsel
Ken Anderson – Aon
Brett Christenson, Marquette Associates, Inc.
Jessica Culotti, Reinhart Boerner Van Deuren s.c.
Nick Schaffran – Aon
Lauren Albanese, Financial Investment News

3. Chairperson's Report

The Chair called the December 15, 2021 Pension Board meeting to order. He stated he will keep his remarks short, but there have been a few articles in the media related to ERS that he wanted to note.

The Chair explained that the Pension Board is charged with the responsibility of managing ERS and has a fiduciary responsibility to administer ERS in a fiscally responsible manner, maximizing the investment returns to provide benefits to employees and retirees. He noted as a result, the better ERS performs and meets its obligations, the lesser the impact on the County budget. The Chair further explained that the Pension Board is not the policy making body in terms of determining ERS benefits. Instead, that responsibility is entrusted to the County Board and the County Executive.

The Chair noted that the media has made a number of critiques in terms of past decisions made by the County Board. The Chair stated he had been contacted by Bruce Murphy and clarified some of the background facts for him because they are complex. The Chair explained that the “cost of living adjustment” is a misnomer. While generally a cost of living adjustment is tied to inflation, the ERS increase is really an annual adjustment of a fixed percentage. This amount does not change with inflation. The Chair noted that it is important that these overall facts are properly characterized so that decisions are made based on fiscal facts. The Chair stated these conversations will continue to take place, which they should, but it is important to keep in mind the current facts and actuarial projections.

4. Minutes

(a) Meeting Minutes – November 17, 2021

The Chair stated the minutes of the November Pension Board meeting have been distributed and called for any comments, questions, additions or corrections. Seeing none, the Chair stated he would entertain a motion to approve the November minutes.

The Pension Board unanimously voted by voice vote to approve the minutes of the November 17, 2021 Pension Board meeting. Motion by Ms. Best, seconded by Mr. Gollner.

5. Investment Report

(a) Monthly Update

The Chair welcomed Mr. Christenson from Marquette Associates and asked him to present his report.

Mr. Christenson began his report by discussing the overall markets. He stated the markets have been more volatile lately. Mr. Christenson explained there are a couple of reasons for this. First, the Fed is starting to tighten, and second,

COVID is unfortunately not going away with the most recent large wave hitting the US. These two factors along with some over valuation in large cap tech is creating turmoil.

In looking at the Market Tracker, November was not a great month. The S&P was down a little less than 1% and the Russell 3000 was down 1.5%. Internationally, the numbers look worse, down 4.5% in November with a year-to-date of 3.5%. Mr. Christenson explained that a lot of this is due to China. On the Fixed Income side, Mr. Christenson stated there is not really much going on. There was a slight positive return in core bonds with the aggregate index up .3%, but the year-to-date remains negative. Hedged Equity is up 10.9% with a flat November, and Real Estate is up 5.2% for third quarter returns, which does not include November.

Mr. Christenson continued by reviewing the Flash Report. He stated as of November 30, ERS assets are \$1.884 billion. In terms of Policy Targets, ERS has some areas of overweight and underweight. ERS is underweight in Fixed Income by approximately \$57 million. U.S. Equity is slightly overweight and International has been underweight. Mr. Christenson explained that no rebalancing is necessary at this time because the market, especially China, has been out of balance.

ERS is also slightly overweight in Real Estate, but ERS has \$29 million in queue with UBS, and the Board also recently requested \$20 million from Morgan Stanley. Mr. Christenson stated the Board may need to consider taking another \$17 or 18 million from Real Estate and adding it into the Hedged Equity composite where the second defensive equity manager will be added. Mr. Christenson noted Infrastructure is in line with its target, and Private Equity is overweight by about 5% with cashflows coming out slowly.

Mr. Christenson continued by reviewing the individual ERS Portfolio managers. He stated Galliard has continued to be a bright spot in the Fixed Income portfolio, but there is some underperformance in Emerging Markets Debt with TCW. TCW is down 6% year-to-date with the benchmark down 3%. Mr. Christenson noted that a lot of this under performance has occurred in the last couple of months. Boston Partners in large cap value is out performing this year with 22% versus 17% for the benchmark. Silvercrest is still lagging behind for the year, but they had an outperforming month in November and an outperforming quarter. Mr. Christenson explained a number of the small cap stocks are dealing with significant negative volatility right now, and he expects that Silvercrest will see improved returns. QMA in International is outperforming for the year also.

Moving into the alternatives portion of the Portfolio, Mr. Christenson stated Hedged Equity was performing well, but it is now lagging. ABS is up 1.6% year-to-date with stronger returns for the benchmark. Mr. Christenson noted ABS has significant non-US exposure, which has hurt their portfolio. He noted Marquette will be monitoring ABS over the next few months. Parametric has been doing

well, up 14.3% year-to-date. Mr. Christenson reminded the Board they are looking to add a manager to complement Parametric and reduce the ABS exposure. In Real Estate, there is not any significant over or underperformance. With regard to Infrastructure, Mr. Christenson stated that there has been a consistent outperformance from IFM as compared to JP Morgan. Mr. Christenson explained that it is important to recognize that these managers are investing very different assets. IFM has more exposure to economically sensitive assets like highways and sea ports, whereas JP Morgan has more exposure to contracted assets and the utility sector. Both portfolios have a great yield of approximately 6%, but JP Morgan is a much more conservative portfolio, which for this Fund is important. IFM is a nice complement to JP Morgan because in good economies, IFM will outperform and in bad economies, they may slightly underperform. JP Morgan will be more steady through all economies.

Mr. Christenson continued by reviewing the Private Equity portion of the ERS Portfolio. He stated some of the Private Equity managers are coming back to market in 2022, which is something the Board will have to discuss and consider. Mr. Christenson noted the Portfolio is significantly overweight in Private Equity, but ERS has historically regularly committed funds to this class since 2009, so it is something the Board can discuss in 2022. In reviewing the current managers, a significant amount of the money that was previously committed has been called. For example, Fairview called about half of the commitment and BPEA has called a little less than half. Barings has been slower and has called only about \$6 million of the \$22 million commitment. Greenspring has called about \$2 million of the \$8 million commitment. Mr. Christenson stated that ERS will start to see the commitment calls slow down. He noted that a number of the older funds will continue to make significant distributions in 2022. This will be an area that the Investment Committee will review and monitor in 2022.

The Chair thanked Mr. Christenson for his presentation and asked him to comment on ERS' overweight in Private Equity when balancing out the commitments and distributions. Mr. Christenson stated that Private Equity is overweight approximately \$95 million, and he estimates this will be reduced by approximately \$25 million in the next several months. Mr. Christenson explained that ERS wants continued exposure to this asset class, so with the older funds making distributions and the newer funds calling amounts, the question becomes how much exposure will ERS have in 2023 or 2024. If the exposure will drop significantly, the Board will want to consider reengaging with these managers to ensure the exposure continues.

In response to a follow-up question from the Chair, Mr. Christenson explained that the older funds, while making distributions slower, are providing double digit returns. The Vice Chair noted that part of the reason for the overweight is because of the strong equity markets, which is a good thing. He stated that as the assets increase on the equity side faster than on the fixed income side, ERS has greater exposure to the equity assets. The Vice Chair explained that the Investment Committee reviews and considers asset rebalancing on a regular basis,

and overall, there are other factors that offset the overweight Private Equity exposure that results in a range that is comfortable.

The Chair thanked Mr. Christenson and the Vice Chair for their comments. He noted that as there are segments of the Portfolio that are performing well, these imbalances are the result of investments exceeding expectations. Mr. Christenson agreed and noted that the overall Private Equity portfolio was up 45% last year while the overall ERS Portfolio was up 18%. This is what caused a significant portion of the overweight, which is a good thing. Mr. Christenson clarified that at the same time, the Board will want to be cautious in considering how much more, if any, to put into this asset class in 2022.

The Chair called for any further questions and comments, and seeing none, thanked Mr. Christenson for his presentation.

6. Fiduciary Insurance

Ms. Bronikowski explained this item is with regard to the Board's 2022 fiduciary liability insurance. She introduced Ken Anderson and Nick Schaffran from Aon and Sherri Jordan, who is the interim Director of the Department of Administrative Services for Milwaukee County.

Mr. Anderson thanked Ms. Bronikowski and stated he is the Senior Account Executive for Aon who works with Milwaukee County providing insurance brokerage services. Mr. Anderson stated that overall this is a very challenging market for fiduciary insurance coverage, but the Pension Board's renewal is very good. He explained that due to significant litigation in this space, Aon expected double digit increases, and instead, there was a slight reduction in the Board's premiums. Mr. Anderson explained that this decrease was due to the current structure of the program and internal competition amongst insurers. He then asked Mr. Schaffran to provide the details.

Mr. Schaffran thanked Mr. Anderson and introduced himself as a broker with Aon who works with fiduciary liability insurance lines. He stated as Mr. Anderson noted, this renewal is a very positive result. Mr. Schaffran explained that the general fiduciary marketplace has been seeing increases primarily driven by the excessive fee litigation, which does not directly impact ERS. While there are some mortality table litigation cases out there, the biggest impact is due to the excessive fee cases that are causing insurance carriers to reevaluate how they underwrite fiduciary insurance across the board. This has resulted in 5%-10% increases in this type of insurance. Mr. Schaffran stated Aon was able to avoid an increase for the Pension Board this year. He explained Aon was able to negotiate a slight reduction of \$1,647.00 in the premium. Mr. Schaffran further explained that they were able to do this through restructuring some of the layers with the existing carriers and tapping into competition between carriers.

Mr. Anderson stated that Aon was also expecting the non-indemnifiable losses to go up. It is currently at \$0 retention, and they expected it to increase to \$50,000 or \$100,000 but RLI was comfortable with retaining the retention at \$0, which is another great result.

In response to a question from the Chair, Mr. Anderson stated that with RLI as the primary insurer, Aon was able to maintain a broad program for the Board with a slight decrease in the premium.

In response to a request from the Chair to provide some background for newer Board members, Mr. Schaffran stated that currently, the Board carries \$30 million of insurance. Because of the excessive fee litigation over the past 4-5 years, carriers have been seeing increased losses and decreasing their exposure to more manageable levels. Mr. Schaffran explained that previously the Board's program was built on layers of \$10 million, a primary \$10 million policy, an excess \$10 million policy, followed by a second excess \$10 million policy. Last year, to realize cost savings, the program was broken up into \$5 million dollar policies and more carriers were added. To retain the \$10 million policy, carriers were requiring significant premium increases. When the policies are broken up into smaller \$5 million blocks, the carriers can be more aggressive on the prices because they do not have as much as risk. Mr. Schaffran stated this \$5 million program has continued with the 2022 policy structure.

The Chair thanked Mr. Schaffran for his explanation and called for any further questions or comments. Seeing none, the Chair stated he would entertain a motion to approve the 2022 fiduciary liability insurance proposal.

The Pension Board voted unanimously to approve the 2022 fiduciary insurance renewal as presented by Aon. Motion by Ms. Best, seconded by Mr. Parikh. Mr. Worzalla was not present for the vote.

7. Investment Committee Report – December 10, 2021

The Vice Chair stated that most of the items related to the Investment Committee's December meeting will be discussed in closed session but the Committee has been busy since the November meeting.

He noted the Committee is bringing to the Board a Request for Proposal ("RFP") for defensive equity, which will add a new manager to the Portfolio. The Vice Chair explained that this will be discussed further in closed session.

8. Actuarial, Audit and Risk Committee Report – December 1, 2021

(a) Committee Report

The Chair explained that the Actuarial, Audit and Risk Committee was formerly chaired by Trustee Aniban, and the Chair assumed the Committee Chair position for this December meeting.

The Chair stated that the Committee reviewed proposals related to ligation monitoring and heard several presentations. He noted the Board will discuss these and the Committee's recommendations in closed session. The Chair explained the Committee also reviewed proposed Ordinance amendments that will bring the Ordinances in line with the error correction procedures agreed to by the Internal Revenue Service ("IRS") as part of the Voluntary Correction Program ("VCP") submission. Finally, the Committee heard presentations on the 2022 ERS Budget and pre-approval of education conferences. The Chair stated these items will be discussed further in the meeting.

The Vice Chair then moved that the Pension Board adjourn into closed session under Wisconsin Statute section 19.85(1)(e) with regard to items 9(a) and 10 for deliberating or negotiating the purchasing of properties, investing of public funds or conducting other specified public business whenever competitive or bargaining reasons require a closed session and under the provisions of section 19.85(1)(g) with regard to items 11(a) through 12(c) for the purpose of the Board receiving oral or written advice from legal counsel concerning strategy to be adopted with respect to pending or possible litigation. At the conclusion of the closed session, the Board may reconvene in open session to take whatever actions it may deem necessary concerning these matters.

The Pension Board agreed by a roll call vote of 6-0 to enter into closed session to discuss items 9(a) through 12(c). Motion by the Vice Chair, seconded by Mr. Gollner.

9. Investment Committee Closed Session Item

(a) Private Volatility Risk Premium/Defensive Equity Request for Proposal

The Pension Board discussed this item in closed session.

10. Litigation Monitoring Contract Review

The Pension Board discussed this item in closed session.

11. Appeals and Rules Committee Closed Session Items

(a) J. Kuntner

The Pension Board discussed this item in closed session.

(b) R. Rice

The Pension Board discussed this item in closed session.

12. Counsel Report

(a) Litigation Update

The Pension Board discussed this item in closed session and took no action.

(b) Recent Article Regarding ERS

The Pension Board discussed this item in closed session and took no action.

(c) Comments Regarding Milwaukee County Board File 21-1077

The Pension Board discussed this item in closed session.

The Pension Board agreed by a roll call vote of 6-0 to return to open session.

After returning to open session, the Pension Board had the following discussions and made the following motions.

(a) Private Volatility Risk Premium/Defensive Equity Request for Proposal

The Chair stated that the Board discussed the Investment Committee's recommendation related to the retention of an investment manager in the Defensive Equity asset class. He explained the recommendation is to retain Neuberger Berman for this asset class. The Committee's reasoning and rationale as well as Marquette's input was discussed in closed session.

**The Pension Board unanimously voted to retain Neuberger Berman.
Motion by Mr. Parikh, seconded by the Chair.**

(b) Litigation Monitoring Contract Review

The Chair stated the Board discussed in closed session the Audit Committee's review of four proposals to provide litigation monitoring services for ERS. The Committee recommended two finalists. The Board discussed that both providers provide similar services but there was a difference in recovery fees. The Chair noted that regardless of what vendor the Board retains, the Board will need to pay \$5,000 for the vendor to obtain historical data from ERS' prior custodian, BNY Mellon. In response to a question from the Vice Chair, the Board discussed that the \$5,000 would be part of the 2022 Budget and the Board may delegate to the Chair the ability to take actions necessary to effectuate the contract.

**The Pension Board unanimously voted to retain Levi & Korsinsky to provide the Board with litigation monitoring services and directed RPS to pay the expenses necessary to obtain historical data from BNY Mellon.
Motion by the Chair, seconded by the Vice Chair.**

(c) J. Kuntner

The Chair stated that the Board discussed Mr. Kuntner's appeal in closed session. He explained that Mr. Kuntner is an individual who retired and is receiving an accidental disability pension benefit. The Chair further explained that the Ordinances and Rules establish a limit on how much external

compensation a disability pensioner can receive. If that limit is exceeded, the Ordinances require an offset for such earned income. The Chair stated that, based on the Ordinances, the Committee recommended that Mr. Kuntner's appeal be denied. The Chair explained that the Ordinances and Rules are clear, and while the Board empathizes with Mr. Kuntner's hardship, the Ordinances do not provide a hardship exception for the offset.

The Pension Board unanimously voted to approve the Appeals and Rules Committee's recommendation to deny Mr. Kuntner's appeal and directed that counsel finalize a decision consistent with the Committee's decision for final approval by the Chair as the written decision of the Board. Motion by the Chair, seconded by Mr. Gollner.

(d) R. Rice

The Chair stated that the Board discussed Mr. Rice's appeal in closed session. He explained Mr. Rice has requested a refund of his employee contributions outside of the 180-day time period provided for in the Ordinances.

The Chair stated Mr. Rice was employed by the County between August 2019 and June 2020. As a consequence of that employment, he had made contributions of approximately \$2,152 to his membership account. Upon termination of employment, RPS sent Mr. Rice a letter notifying him of his right to request a refund, but no request was received. Mr. Rice acknowledged he received the letter, but he did not read it in full. The Chair stated that the Ordinance is clear, and based on the Ordinance, the Committee recommended that Mr. Rice's appeal be denied. The Vice Chair noted that a change to allow additional time or exceptions to the 180-day refund period would require action by the County Board, not the Pension Board.

The Pension Board unanimously voted to approve the Appeals and Rules Committee's recommendation to deny Mr. Rice's appeal and directed that counsel finalize a decision consistent with the Committee's decision for final approval by the Chair as the written decision of the Board. Motion by the Chair, seconded by the Vice Chair.

(e) Comments Regarding Milwaukee County Board File 21-1077

The Chair stated that the Board is aware of ERS' prior negotiations with the IRS to obtain a Compliance Statement from the IRS as a result of the VCP submitted by ERS. The Chair explained while ERS has received the Compliance Statement, there were some Ordinances that the IRS recommended be updated to bring the Ordinances into compliance with the IRS' approved corrections for over and underpayments.

The Chair noted the Board has received a referral of draft Ordinance amendments from the County Board Chairperson meant to address these issues. The Chair explained that the Appeals and Rules Committee reviewed the

amendments and recommended some comments to bring to the full Board. Ms. Bronikowski worked with counsel to prepare the draft comments for the Pension Board's review in the form of a Secretary's Certificate. If the Board approves these comments, they will be provided to the County Board as part of the Ordinance amendment file.

The Chair stated Ms. Bronikowski recently attended a County Board Committee meeting and asked her to provide an update to the Pension Board. Ms. Bronikowski stated that the County Board Finance and Personnel Committees as well as the Pension Study Commission have reviewed the draft Ordinance amendments and recommended them for approval. She noted the County Board meets the next day.

The Chair called for any questions or discussion, and seeing none stated he would entertain a motion from the Board.

The Pension Board unanimously voted to approve the adoption of the following resolution to be provided to the County Board by the Secretary of the Pension Board:

The Pension Board supports Retirement Plan Services' past efforts in working with the Internal Revenue Service ("IRS") to finalize the Voluntary Correction Program statement and supports the amendments and updates to the Ordinances to ensure they reflect the IRS' requirements related to error correction, necessary to maintain the tax qualified status of the Milwaukee County Employee Pension system.

Motion by Mr. Gollner and seconded by the Vice Chair.

13. RPS Reports

(a) RPS Director Report

Ms. Bronikowski began her report with an update on the RPS team. She stated that over the last month, incoming contacts, appointments and retirements have slowed, which is typical for the end of the year. Ms. Bronikowski clarified that RPS has seen increased retirement rates throughout the last few months. She noted there was a concern about a spike in retirements as a result of the County's vaccine mandate for employees, but that has not occurred and the mandate went into effect in October. Ms. Bronikowski stated that there is an additional deadline in January where employees who are not compliant will see an increase in their health insurance premiums. RPS is working with HR to determine how many individuals are not compliant and how many may retire instead of remaining in County employment. Ms. Bronikowski estimated RPS does not expect more than 10 to 20 of these individuals will be eligible to retire. Accordingly, RPS does not foresee a significant spike in retirements.

Ms. Bronikowski next reviewed the projects that RPS is working on. She stated RPS had a kickoff meeting for the annual audit and valuation and they are working on issuing 1099-Rs at the end of January. In the background is also the V3 pension system upgrade, which is still on track for the go-live date in August of 2022. Ms. Bronikowski noted that testing will begin in January, and RPS will provide a detailed progress report at the January Actuarial, Audit and Risk Committee meeting.

Ms. Bronikowski continued by explaining that RPS remains working in a hybrid schedule where a third of the team is in the office on any given day. Ms. Bronikowski stated that the County has not provided any concrete reopening plans, but Ms. Bronikowski stated that she understands these discussions may begin again in January. Ms. Bronikowski explained that RPS recently had an analyst separate from the team due to relocation, but they have hired another analyst who is bilingual in English and Spanish. The new analyst is currently being onboarded and will be ready to work independently by the end of the year. Ms. Bronikowski noted that RPS is working with other County departments who use document translation services to identify some vendors for the Board to consider to allow RPS to offer its documents in both English and Spanish.

The Chair stated that Ms. Bronikowski also noted she would be looking into a continuing education opportunity for the Board with the International Foundation of Employee Benefit Plans (“IFEBP”). Ms. Bronikowski noted that she has reached out to the IFEBP, which is in Brookfield, and asked them if they could put together a course for the Board. Ms. Bronikowski stated this item is on the agenda for the January Actuarial, Audit and Risk Committee meeting, but the Board could approve it at this meeting if it preferred.

14. Actuarial, Audit and Risk Committee Report – December 1, 2021 (continued)

(a) 2022 Continuing Education Pre-Approval

The Chair stated that the Board annually preapproves attendance at certain conferences for Trustees who want to attend. Historically, those are conferences sponsored by the IFEBP, the National Conference on Public Employee Retirement Systems (“NCPERS”) and the National Association of State Retirement Administrators (“NASRA”).

The Pension Board voted unanimously to approve the costs for any interested Pension Board member to attend any of the 2022 IFEBP, NCPERS or NASRA Conferences. Motion by the Chair, seconded by Mr. Worzalla.

(b) 2022 RPS Budget Review

Ms. Bronikowski stated she circulated an updated 2022 Budget to the Board. She explained that there is a line item under capital purchases for the V3

upgrade because some of the upgrade costs have been moved to 2022. Ms. Bronikowski clarified that approximately \$700,000 was moved from 2021 to 2022. Additionally, she noted that at the Audit Committee meeting, RPS did not yet have the information related to the County-paid expenses. RPS recently received those figures and updated that section of the Budget from the version provided to the Committee.

Ms. Bronikowski continued by explaining that RPS estimated the budget line item for insurance services by using last year's figure plus some inflation. She noted RPS will update the Budget to reflect the actual insurance premium approved by the Board earlier in the meeting.

The Board also discussed adding \$5,000 to the budget to allow the litigation monitoring vendor to access the historical information from BNY Mellon.

The Pension Board unanimously voted to approve the 2022 ERS Budget as presented with the following modifications: decrease the insurance premium estimate to reflect the final premium amount and add a \$5,000 cost to obtain historical information from ERS' prior custodian. Motion by the Chair, seconded by the Vice Chair.

15. RPS Reports (continued)

(a) Retirements Processed

The Chair asked Ms. Bronikowski to present the Retirements Processed Report. Ms. Bronikowski stated in November, RPS had 25 retirements, which is a bit higher than normal. Of these 25 retirements, 12 were deferred vested, 3 were disability retirements and the rest were active retirements. Seven of the active retirements elected backDROPS. One backDROP was a little over \$800,000, one was over \$500,000, two were between \$200,000 and \$100,000 and the rest were less than \$50,000.

In looking forward to December, Ms. Bronikowski stated RPS expects 10 retirements, which is closer to what she expects to see in the last quarter of the year. Ms. Bronikowski called for questions and seeing none, asked Ms. Lausier to present the Fiscal Reports.

(b) Fiscal Reports

Ms. Lausier stated she provided the Board with copies of the Portfolio Activity Report for November and the Funds Approved Report. Per the Marquette Flash Report, the net plan assets held in trust for pensions benefits as of November 30, 2021 are \$1.88 billion. The ERS Fund experienced an overall decrease of \$39 million in the net change in Plan assets over the period from October 31 to November 30, 2021. Ms. Lausier explained that International Equity was down \$10.7 million, U.S. Equity was down \$8.4 million and Private Equity was down \$3.4 million. Due to the available cash in the general accounts, Ms. Lausier

noted it was not necessary to raise other funds to meet disbursement needs for November.

Continuing to the Portfolio Activity Report, Ms. Lausier stated that ERS received five distributions in November totaling \$4.5 million. She explained these distributions were generally from older Private Equity funds. ERS also received two capital calls in November totaling \$905,000.

Ms. Lausier next reviewed the Funds Approved Report. She explained that at the May 2021 Pension Board meeting, the Board approved \$107 million for estimated second half 2021 disbursement needs. Ms. Lausier stated there was a surplus from the first half of 2021 of \$3 million for a total of \$110 million available for the second half of 2021. Ms. Lausier explained that \$20 million was required for July, \$18 million was required for August, \$17 million was required for September, \$18 million was required for October and \$19.5 million was required for November. Ms. Lausier noted she anticipates \$17.5 million will be required for December, which leaves ERS with no surplus.

Accordingly, Ms. Lausier stated she is requesting that the Board approve additional funds for December to ensure that ERS has sufficient funds for the December disbursements.

16. Administrative Matters

(a) Funding Request for Remainder of 2021

Ms. Lausier noted that as she explained, she is requesting that the Board approve another \$2 million for December disbursement needs. Ms. Lausier explained that there are a few underpayments that will be distributed in December, which will require additional funds. Ms. Lausier clarified that any amounts that are not used in 2021 would be moved into 2022. She anticipates that if the Board approves this request, ERS will likely have a surplus of \$1.5 million going into the first half of 2022. Ms. Lausier stated that she is also submitting a request for the Board to approve \$110 million for the first half of 2022 funding needs.

The Chair noted that these requests are in line with the request made earlier in 2021 for the second half of 2021. Ms. Lausier agreed and reminded the Board that she is making larger requests twice a year to avoid having to come back before the Board every quarter or every month to request funds.

The Pension Board unanimously voted to approve the liquidation of assets to fund cash flow of \$2 million for December 2021 funding needs. The amounts should be withdrawn from investments designated by Marquette. Motion by the Chair, seconded by Mr. Gollner.

(b) Funding Request for First Half of 2022

The Pension Board unanimously voted to approve the liquidation of assets to fund cash flow of \$110 million for the first half of 2022 funding needs. The amounts should be withdrawn from investments designated by Marquette. Motion by Mr. Gollner, seconded by the Vice Chair.

(c) 2022 Proposed Meeting Schedule

Ms. Bronikowski stated that she circulated a draft meeting schedule for 2022. She noted it aligns with the 2021 meeting schedule except for a couple of special Committee meetings that occurred.

Ms. Bronikowski stated that generally Pension Board meetings will be held the third Wednesday of the month. She explained the June Pension Board meeting will be held later to allow the auditors more time to finalize the Annual Report. The proposed schedule includes four Investment Committee meetings, six Appeals and Rules Committee meetings, three Governance Committee meetings and five Actuarial, Audit and Risk Committee meetings.

The Chair reminded the Board that the Committees will be electing Chairs at the first meetings of 2022. He also noted that the Board has a couple of vacancies, and he will be speaking with the County Executive and County Board Chair person about getting those positions filled.

The Pension Board unanimously voted to approve the 2022 meeting calendar as presented by Director Bronikowski. Motion by the Chair, seconded by the Vice Chair.

17. Adjournment

The meeting adjourned at 11:52 a.m.

Submitted by Erika Bronikowski,
Secretary of the Pension Board